

CALLOUT:

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Time for Real Solutions

By Gary Ferrulli

The mess at U.S. West Coast ports continues to get extraordinary coverage and attention, and the mess just gets worse. The apparent lack of real progress in negotiations between waterfront employers represented by the Pacific Maritime Association and the International Longshore and Warehouse Union caused me to pause and recall a management theory and technique called the Quality Process.

The critical element in that attempt to improve efficiencies and effectiveness was getting to the root cause of problems, solving those and not trying to put a Band-Aid on the symptoms.

There have been many articles, webinars, conferences, speeches and opinions about the issues and causes of the current situation: the chassis issues, the lack of enough permanent ILWU workers, the height of the cranes, the size of the vessels, the volume of freight, the gate hours, the work rules and other factors, all of which contribute to the conditions we see today. But which single issue or group of issues is the root cause?

Here's a thought I've heard expressed multiple times that seems to have a lot of merit: the ILWU's monopoly on labor at U.S. West Coast ports. "Who deserves a monopoly?" a colleague wrote to me the other day.

When a monopoly does exist, literally everyone seeks to eliminate it.

Competition has always been the backbone of U.S. business and sport.

It's a way of life. The coalition of shippers attempting to get Washington involved should take note of this anomaly and address it as part of those discussions. It has led to where we are today in the following ways:

Those in the industry have recognized for decades the over-the-barrel situation the PMA and its members are in. That's why the ILWU's wage and benefits package is so out of line with the rest of the workers in the U.S. It's also why productivity at terminals under the ILWU hasn't

changed much in more than 25 years, despite the progress made in terminal configuration, handling equipment and massive growth in volumes. They are well below the productivity levels at most other U.S. ports, not to mention ports across the world, where productivity is approaching double that of the U.S. West Coast terminals.

To be sure, PMA members bear some of the blame for these conditions. They're responsible, after all, for issues such as the fractured attempt at changing who is accountable for supplying chassis, the lack of a consistent approach at automating terminals and archaic terminal and gate hours.

Yes, there are numerous reasons and multiple entities that bear the blame for the issues at U.S. West Coast ports and terminals, but at the base of it is the ILWU monopoly that has given the union too much leverage in negotiations with the PMA.

There will be those who think, "Well, just tell them no." That happened in 2002 in a 10-day lockout that cost the U.S. economy billions of dollars and caused freight backups that took months to clear out. Yet here we are again with nothing really having changed, absent those minor things such as who will pay the estimated \$150 million-a-year tax on the so-called Cadillac health care package the ILWU has under the Affordable Health Care Plan.

Those directly involved and with influence can address the issue — or not. They may not solve it in the next few weeks, months or years. But not addressing it assures that the ongoing issues between employers and labor will continue, giving those who write articles on the industry an ongoing story.

And the headaches that the cargo interests have will continue, with severe migraines at times.

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